

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W. R. Grace & Co., et al
Debtor

Case No. 01-01139 Jointly Administered
Reporting Period: November 2004

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (cont)	X	
Copies of bank statements		X	
Cash disbursements journals			Not available
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			Not available
Copies of Federal income tax returns filed during reporting period			None filed
Summary of Unpaid Postpetition Debts	MOR-4		See Note #4
Listing of aged accounts payable			See Note #4
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

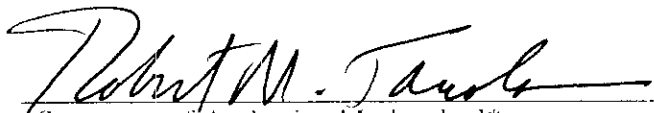
I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

30 December 2004

Date

Robert M. Tarola

Printed Name of Authorized Individual

Senior Vice President and
Chief Financial Officer

Title of Authorized Individual

Authorized individual must be an officer, director or shareholder if debtor is a corporation, a partner if debtor is a partnership, a manager or member if debtor is a limited liability company.

W. R. Grace & Co.
Monthly Financial Report
November 30, 2004

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Monthly Operating Report

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Bank Statements

Federal Income Tax Returns

None

Forward-Looking Information

This monthly financial report contains forward-looking information that involves risks and uncertainties. For such information, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the results predicted, and reported results should not be considered as a indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking information include those factors set forth in Grace's most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which have been filed with the Securities Exchange Commission.

Statement of Confidentiality

The information contained in the monthly financial report contains confidential information of W. R. Grace & Co. and its subsidiaries (the "Confidential Information"). The Confidential Information has been prepared solely for information purposes and may not be disclosed to any person or entity or reproduced, disseminated or disclosed, in whole or in part, except to officers, directors, employees, and representatives of the recipient ("Representatives") or as required by applicable law or regulation. By receipt of the Confidential Information, each recipient agrees to (1) use the Confidential Information only to enhance its understanding of Grace and its businesses, and (2) inform its Representatives of the confidential nature of such information and direct them to treat such information in accordance with the terms. Each recipient agrees to be responsible for any breach of these provisions by any of its Representatives.

Monthly Operating Report

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	JP Morgan Chase Disbursement 9101015572	Washington Trust 9619039102	First Union Deposit Acct 2199700021812	First Union Payroll 0079900033615	Merrill Lynch Investment 3123731	Merrill Lynch Investment 3343175	JP Morgan Chase Holding 32325141
CASH BEGINNING OF MONTH	\$ 742 775	\$ -	\$ -	\$ -	\$ 213 511 784	\$ -	\$ 742 775
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES							
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES			1 864 758		366 088		
TRANSFERS IN - NONFILING ENTITIES							
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	200 000			85 535	107 000 000		
MISCELLANEOUS			24 586				
TOTAL RECEIPTS	200 000	-	1 889 343	85 535	107 366 088	-	
DISBURSEMENTS							
PAYROLL				1 372 841			
PAYROLL TAXES				337 889			
TRADE PAYABLES - THIRD PARTIES							
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							
TRANSFERS OUT - THIRD PARTIES	221 052						
TRANSFERS OUT - NONFILING ENTITIES			1 106 811				
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS					64 200 000		
MISCELLANEOUS				59,731			
TOTAL DISBURSEMENTS	221,052	-	1,106,811	2,170,460	64,200,000	-	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(21,052)	-	782 532	(2 304 905)	43,166 088	-	
CASH - END OF MONTH	74 462	-	782 532	(2 304 905)	276,777 372	0	742 775

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of other debtor entities. Such activity may include salary of employees, legal and professional fees, and other expenditures and is generally recorded via intercompany accounts. In addition, certain de minimis expenditures including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	JP Morgan Chase Concentration 16001237	Bank of America Ltr kbox 8198203114	First Union Concentration 200003028171	First Union Ltr kbox 1079620011741	First Union Petty Cash 2079930001860	Citic Bank Payroll 17572015736	First Union Libby Medical 2079900065006
CASH BEGINNING OF MONTH	\$ 271,464	\$ 1,121,144	\$ 0	\$	\$	\$ 0	\$ -
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES		48,967,881					
ACCOUNTS RECEIVABLE - INTERCOMPANY		140,871					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES	32,355,923						
TRANSFERS IN - NONFILING ENTITIES	45,727,032						
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	159,229,888		97,300,000	1,351,037	1,146		121,186
MISCELLANEOUS			3,741,239	(216,358)			
TOTAL RECEIPTS	237,312,843	19,508,755	101,041,239	1,134,679	1,436	-	121,186
DISBURSEMENTS							
PAYROLL				1,886,520			
PAYROLL TAXES				1,074,312			
TRADE PAYABLES - THIRD PARTIES	494,957						
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES	175,594						
TRANSFERS OUT - THIRD PARTIES	5,009,468	1,810,843					
TRANSFERS OUT - NONFILING ENTITIES	12,441,935						
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	213,170,387	46,321,405	93,848,349				
MISCELLANEOUS					1,572		121,186
TOTAL DISBURSEMENTS	237,291,989	48,132,248	93,848,349	1,760,832	1,572	-	121,186
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	20,854	1,376,507	7,192,890	(626,153)	3,864	-	-
CASH - END OF MONTH	292,236	2,705,780	7,192,890	(626,153)	3,864	0	-

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	First Union Accts Payable 207990005263	First Union Payroll 207990005263	Wachovia Lockbox 1866 082445	First Union Accts payable 207990005263	First Union Accts Payable 207990005263	Allfirst Payroll 16298631	SunTrust Payroll (0000)141309	PNC 4002641180
CASH BEGINNING OF MONTH	\$ 109,919	\$ -	\$ 0	\$ 0	\$ 0	\$ 7,311	\$ 45,245	\$ 24,496
RECEIPTS								
ACCOUNTS RECEIVABLE - THIRD PARTIES			38,580,757					
ACCOUNTS RECEIVABLE - INTERCOMPANY			10,241,851					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI								
DIP BORROWINGS								
TRANSFERS IN - THIRD PARTIES								
TRANSFERS IN - NONFILING ENTITIES	42,109,919	414,627						
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS				2,874,713	32,703,927	852,217		
MISCELLANEOUS				(902,418)				
TOTAL RECEIPTS	42,109,919	414,627	48,822,623	1,972,295	32,703,827	852,217		
DISBURSEMENTS								
PAYROLL		894,755				543,072		
PAYROLL TAXES		492,452				11,017		
TRADE PAYABLES - THIRD PARTIES	41,125,721			2,858,453	37,029,371			
TRADE PAYABLES - INTERCOMPANY								
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI								
DIP PRINCIPAL REPAYMENTS								
DIP INTEREST AND USAGE FEES								
TRANSFERS OUT - THIRD PARTIES								
TRANSFERS OUT - NONFILING ENTITIES								
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			45,817,620					
MISCELLANEOUS	1,937,503	245,733	240,466		245,540			
TOTAL DISBURSEMENTS	43,063,223	1,532,940	46,058,086	2,858,493	37,273,915	855,089		
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(4,353,285)	(1,118,313)	2,764,537	(886,243)	(4,570,088)	(2,872)		
CASH - END OF MONTH	(4,353,285)	(1,118,313)	2,764,537	(886,243)	(4,570,088)	30,436	45,245	24,496

Note #1

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	Hibernia Natl Disbursement 101391210	Bank of America Payroll 600000022137	Allfirst Payroll 10698057	First Union Petty Cash 2040000110520	Banco de Credito Operating Acct 1901115122058	Banco de Credito Operating Acct 1931125361172	Banco de Credito Time Deposit 0012490
CASH BEGINNING OF MONTH	\$ 1,000	\$ -	\$ 276,811	\$ 6,415	\$ 1,146	\$ 122,258	\$ -
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES					14,322	73,263	
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES					102,954		
TRANSFERS IN - NONFILING ENTITIES							
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS							
MISCELLANEOUS							
TOTAL RECEIPTS			-	-	117,276	73,263	-
DISBURSEMENTS							
PAYROLL					8,016		
PAYROLL TAXES					15,894		
TRADE PAYABLES - THIRD PARTIES							
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							
TRANSFERS OUT - THIRD PARTIES					40,235	103,000	
TRANSFERS OUT - NONFILING ENTITIES							
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS							
MISCELLANEOUS			(2,299)		27,270	21,234	
TOTAL DISBURSEMENTS			(2,299)	-	91,415	124,234	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)			2,299	-	25,861	(50,971)	-
CASH - END OF MONTH	10,000	-	279,110	66,345	27,807	71,287	-

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	Bank of Boston Operating Acct 0154519	Bank of Boston Operating Acct 0174434	Cash in Transit	Cash on Hand	Other	CURRENT MONTH	
						ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 1,178,710	\$ 1,192,502	\$ 239,976,532	\$ -	\$ -		
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES		88,029,705					
ACCOUNTS RECEIVABLE - INTERCOMPANY		10,782,726					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-					
DIP BORROWINGS		-					
TRANSFERS IN - THIRD PARTIES		34,689,722					
TRANSFERS IN - NONFILING ENTITIES		88,251,598					
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		415,905,888					
MISCELLANEOUS		2,653,008					
TOTAL RECEIPTS		943,469	-	-	-	640,312,648	-
DISBURSEMENTS							
PAYROLL	417					11,505,621	
PAYROLL TAXES						5,432,563	
TRADE PAYABLES - THIRD PARTIES		82,676,700					
TRADE PAYABLES - INTERCOMPANY		-					
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-					
DIP PRINCIPAL REPAYMENTS		-					
DIP INTEREST AND USAGE FEES		175,594					
TRANSFERS OUT - THIRD PARTIES		7,184,596					
TRANSFERS OUT - NONFILING ENTITIES		13,548,746					
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		1,787,440				471,144,902	
MISCELLANEOUS	21	1,347			993,115	6,902,418	
TOTAL DISBURSEMENTS	438	780,550	1,787,440		993,115	598,571,139	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(438)	(357,081)	(1,797,440)	-	(993,115)	41,741,509	-
CASH - END OF MONTH	88	136,307	0	43,925	(72,502)	281,718,041	\$ -

Note #1

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W.R. Grace & Co.

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	JP Morgan Chase F 133 Through 12/31/04	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	0	\$ (0)	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	743,693	743,693	
TOTAL RECEIPTS	743,693	743,693	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	743,693	743,693	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	743,693	743,693	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ (0)	\$ (0)	\$ -

Remedium Group, Inc.					
Schedule of Cash Receipts and Disbursements					
MOR-1					
November 2004					
	JP Morgan Chase Debit-Only Wire 323883842	JP Morgan Chase Disbursement 20183198-	Other	CURRENT MONTH	
				ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ 1,794,516	\$ 2,426	\$ (536,941)	
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES				-	
ACCOUNTS RECEIVABLE - INTERCOMPANY				-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI				-	
DIP BORROWINGS				-	
TRANSFERS IN - THIRD PARTIES			139	139	
TRANSFERS IN - NONFILING ENTITIES				-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		743,693		743,693	
TOTAL RECEIPTS	-	743,693	139	743,832	
DISBURSEMENTS					
PAYROLL				-	
PAYROLL TAXES				-	
TRADE PAYABLES - THIRD PARTIES				-	
TRADE PAYABLES - INTERCOMPANY				-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI				-	
DIP PRINCIPAL REPAYMENTS				-	
DIP INTEREST AND USAGE FEES				-	
TRANSFERS OUT - THIRD PARTIES		291,375		291,375	
TRANSFERS OUT - NONFILING ENTITIES				-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS				-	
MISCELLANEOUS				-	
TOTAL DISBURSEMENTS	-	291,375	-	291,375	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		452,318	139	452,457	
CASH - END OF MONTH	-	(82,196)	2,287	(84,484)	

Darex Puerto Rico, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

November 2004

	On bank Operating Acct June 2001	Petty Cash	Other	Cash in Transit	CURRENT MONTH	
					ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 4,187,180	\$ 1,500	\$ 1,000	\$	\$ 4,187,180	
RECEIPTS						
ACCOUNTS RECEIVABLE - THIRD PARTIES	570,172				570,172	
ACCOUNTS RECEIVABLE - INTERCOMPANY					-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI					-	
DIP BORROWINGS					-	
TRANSFERS IN - THIRD PARTIES				216,842	216,842	
TRANSFERS IN - NONFILING ENTITIES					-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	13,738			13,074,177	13,232,015	
TOTAL RECEIPTS	729,010		-	13,291,019	14,019,029	-
DISBURSEMENTS						
PAYROLL	5,755				5,755	
PAYROLL TAXES	2,368				2,368	
TRADE PAYABLES - THIRD PARTIES	433,383				433,383	
TRADE PAYABLES - INTERCOMPANY					-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI					-	
DIP PRINCIPAL REPAYMENTS					-	
DIP INTEREST AND USAGE FEES					-	
TRANSFERS OUT - THIRD PARTIES				13,287,631	13,287,631	
TRANSFERS OUT - NONFILING ENTITIES					-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	157,838				157,838	
MISCELLANEOUS					-	
TOTAL DISBURSEMENTS	599,344	-	-	13,291,019	13,886,975	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	128,666	-		3,369	132,054	-
CASH - END OF MONTH	4,366,019	1,500	(51,070)	3,588	4,319,234	-

CC Partners			
Schedule of Cash Receipts and Disbursements			
MOR-1			
November 2004			
	First Union Deposit Acct: 2199500031802	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$	\$	-
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	-
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	-
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	-
DIP BORROWINGS		-	-
TRANSFERS IN - THIRD PARTIES		-	-
TRANSFERS IN - NONFILING ENTITIES		-	-
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	-
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	-
PAYROLL TAXES		-	-
TRADE PAYABLES - THIRD PARTIES		-	-
TRADE PAYABLES - INTERCOMPANY		-	-
ACCOUNT SECURITIZATION		-	-
PAYMENTS AS SERVICER FOR GRPI		-	-
DIP PRINCIPAL REPAYMENTS		-	-
DIP INTEREST AND USAGE FEES		-	-
TRANSFERS OUT - THIRD PARTIES		-	-
TRANSFERS OUT - NONFILING ENTITIES		-	-
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	-
MISCELLANEOUS		-	-
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$	\$	\$

Kootenai Development Company Schedule of Cash Receipts and Disbursements MOR-1 November 2004			
	First National Bank of Montana 1045097	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 17,363	\$ 17,363	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ 17,363	\$ 17,363	\$ -

Grace Europe, Inc. Schedule of Cash Receipts and Disbursements MOR-1 November 2004			
	Balance Forward FLC	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 100	\$ (662)	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS	(662)	(662)	
TOTAL DISBURSEMENTS	(662)	(662)	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	662	662	-
CASH - END OF MONTH	\$ (0)	\$ (0)	\$ -

Gloucester New Communities Company, Inc.
Schedule of Cash Receipts and Disbursements
MOR-1
November 2004

	Cash on Hand	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 500	\$ 500	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES	N/A	-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ 500	\$ 500	\$ -

Dewey & Almy, LLC**Schedule of Cash Receipts and Disbursements****MOR-1****November 2004**

	Miscellaneous	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	-
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

W. R. Grace & Co. - Conn
Bank Reconciliations
October 2004
MOR-1

	JP Morgan Chase Disturbment 9101011372		Wachovia Lockbox 8519719102		First Union Deposit Acct 109500011312		First Union Payroll 2075000003615		Merrill Lynch Investment 021735	
Balance per books	\$	95,614	\$		\$		\$		\$	211,611,284
Bank Balance	\$	95,614	\$		\$	24,127	\$		\$	211,611,284
(+) Deposits in transit										
(-) Outstanding checks							(120,889)			
Other						(21,127)	120,889			
Adjusted bank balance	\$	95,614	\$		\$		\$	(0)	\$	211,611,284
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount
							Not Available			
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded								29,174		
Unreconciled bank activity								26,316		
Unreconciled ledger activity								3,438		
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass										
Unrecorded deposit						124,535		59,731		

W. R. Grace & Co. - Conn
Bank Reconciliations
October 2004
MOR-1

	JP Morgan Chase Hunting 03/23/04		JP Morgan Chase Concentration 16001257		Bank of America 03/23/04		First Union Concentration 0000002921/2		First Union Payroll 2079900056741	
Balance per books	\$ 742,775		\$ 271,382		\$ 1,142,775		\$ -		\$ -	
Bank Balance	\$ 741,732		\$ 271,382		\$ 1,142,775		\$ 3,776,240		\$ -	
(+) Deposits in transit										
(-) Outstanding checks									(1,207,906)	
Other	(957)		-				(3,776,240)		207,906	
Adjusted bank balance	\$ 742,775		\$ 271,382		\$ 1,142,775		\$ -		\$ -	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Chk #	Amount	Chk #	Amount	Chk #	Amount	Chk #	Amount	Chk #	Amount
									Detail Available	

W. R. Grace & Co. - Conn
Bank Reconciliations
October 2004
MOR-1

	First Union Petty Cash 2079900005040		Citic Bank Payroll 17502015796		First Union Pitt & M & H 2079900005040		First Union Accts Payable 2079900005040		First Union Payroll 2079900005040	
Balance per books	\$ -		\$ -		\$ -		\$ -		\$ -	
Bank Balance	\$ -				\$ -		\$ -		\$ -	
(+) Deposits in transit										
(-) Outstanding checks	13 189						13 394 830		(107 272)	
Other	3 169						3 394 830		107 272	
Adjusted bank balance	\$ -		\$ -		\$ -		\$ -		\$ -	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount
	12586	115								
	47009	185								
	37088	11 000								
	37089	124								
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded										
Unreconciled bank activity	4 618						1,961		(138 161)	
Unreconciled ledger activity							11 544 539			
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass	(302)						4 937 408		245 711	
Unrecorded deposit										

W. R. Grace & Co. - Conn
Bank Reconciliations
October 2004
MOR-1

	Wachovia Lockbox 1855-082555		First Union Accounts payable 07990005250		First Union Accounts Payable 00000000000		M & F Bank Payroll 16298631		SunTrust Payroll 00000141309	
Balance per books	\$		\$		\$		\$ 53,311		\$ 45,246	
Bank Balance	\$ 1,037,759		\$		\$		\$ 205,544		\$ 45,246	
(+) Deposits in transit	235,455									
(-) Outstanding checks			1902,458				1176,622			
Other	(1,277,907)		902,458				4,385			
Adjusted bank balance	\$		\$		\$		\$ 53,311		\$ 45,246	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
	10/29/04	45,128								
	10/29/04	190,327								
Outstanding Checks	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount
			Partial Available				Partial Available			
Other										
Transfers between bank accounts		(1,277,907)		902,458						
Accounting error		4,092								
Interest not recorded on books										
Bank fees not recorded on books								573		
Payroll tax payments not recorded										
Unreconciled bank activity		(11)								
Unreconciled ledger activity								649		
Returned item adjustment										
Payroll/other activity in transit								1,167		
Petty cash funds										
Reporting reclass										
Unrecorded deposit										

W. R. Grace & Co. - Conn
Bank Reconciliations
October 2004
MOR-1

	PNC		Hibernia Natl		Bank of America		M & T Bank		First Union	
	4006641360		Disbursement 101191_10		Payroll 00000002213		Payroll 16298657		Petty Cash 0040000009900	
Balance per books	\$ 24,196		\$ 10,000		\$		\$ 270,811		\$ 56,345	
Bank Balance	\$ 24,196		\$ 10,000		\$		\$ 108,111		\$ 41,35	
(+) Deposits in transit										
(-) Outstanding checks							29,111			
Other	24						12,299		14,388	
Adjusted bank balance	\$ 24,196		\$ 10,000		\$		\$ 270,811		\$ 56,345	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount
							Detail Available			
Other										
Transfers between bank accounts								17,299		
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded										
Unreconciled bank activity										
Unreconciled ledger activity										
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass										
Unrecorded deposit										
										(1612)
										16,000

W. R. Grace & Co. - Conn
Bank Reconciliations
October 2004
MOR-1

	Banco de Credito Operating Acct 191115122052		Banco de Credito Operating Acct 1911125961172		Banco de Credito Time Deposit 0115520		Bank of Boston Operating Acct 0154519		Bank of Boston Operating Acct 0154424	
Balance per books	Sole 6 458		\$ 1,222,259				Sole 1 746		\$ 581,689	
Bank Balance	9 100		\$ 117 842				1 711		\$ 581,627	
(+) Deposits in transit			4 466							
(-) Outstanding checks	(2,532)		158						1574	
Other							35		36	
Adjusted bank balance	5,463		\$ 1,222,09		\$ -		1 746		\$ 581,689	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
			10/30/04	1 125						
Outstanding Checks	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount	Ck #	Amount
	271005	2 532	271139	6 44						5 24
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded								35		36
Unreconciled bank activity										
Unreconciled ledger activity										
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass										
Unrecorded deposit										

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Remedium Group, Inc. Bank Reconciliations October 2004 MOR-1				
	JP Morgan Chase Payroll Account 380883842		JP Morgan Chase Disbursement 601831985	
Balance per books	\$		\$ (534,515)	
Bank Balance	\$		\$	
(+) Deposits in transit				
(-) Outstanding checks			(534,515)	
Other			40	
Adjusted bank balance	\$		\$ (534,515)	
Deposits in Transit	Date	Amount	Check	Amount
Outstanding Checks	Check #	Amount	Check #	Amount
			5116	200
			5196	250
			5141	4,200
			5150	96
			5156	155
			5185	193,250
			5190	21
			5192	84
			5193	103
			5195	10
			5196	1,162
			5197	29
			5198	438
			5199	2,773
			5200	1,200
			5201	2
			5202	273
			5203	147,675
			5204	1,393
			5205	438
			5206	9,480
			5207	70
			5209	41
			5210	160,903
			5211	80
			5212	10,228
Other				
Transfers between bank accounts				
Accounting error				
Interest not recorded on books				
Bank fees not recorded on books				
Payroll tax payments not recorded				
Unreconciled bank activity				
Unreconciled ledger activity				40
Returned item adjustment				
Payroll activity in transit				
Petty cash funds				

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Darex Puerto Rico, Inc. Bank Reconciliations October 2004 MOR-1		
	Citibank Operating Acct 303151011	
Balance per books	\$ 4,217,353	
Bank Balance	\$ 4,231,351	
(+) Deposits in transit	31,114	
(-) Outstanding checks	(115,112)	
Other		
Adjusted bank balance	\$ 4,217,353	
Deposits in Transit	Date	Am't
	10/29/04	31,114
Outstanding Checks	Ck #	Am't
	15461	(27)
	15934	(728)
	16971	(920)
	17225	(5,111)
	17238	(68)
	17240	(45)
	17251	(5,726)
	17252	(5,082)
	17253	(7,375)
	17254	(729)
	17255	(2,324)
	17256	(972)
	17258	(114)
	17259	(3,183)
	17267	(14,748)
	17260	(460)
	17261	(5,651)
	17263	(213)
	17264	(600)
	17269	(2,365)
	17270	(3,979)
	17271	(493)
	17272	(424)
	17273	(126)
	17274	(1,167)
	17275	(225)
	17276	(3,000)
	17277	(195)
	17278	(52)
	17279	(600)
	17280	(100)
	17281	(235)
	17282	(660)
	17283	(11)
	17284	(65)
	17285	(241)
	various	(5,086)
Other		
Transfers between bank accounts		
Accounting error		
Interest not recorded on books		
Bank fees not recorded on books		
Payroll tax payments not recorded		
Unreconciled bank activity		
Unreconciled ledger activity		
Returned item adjustment		
Payroll activity in transit		
Petty cash funds		

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W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended November 30, 2004

	W.R. Grace & Co. Conn	W.R. Grace & Co.	Remedium Group, Inc.	OCIP, Inc.	OC Partners	Grace Washington, Inc.	Litigation Management Co.	Grace Europe Inc.	LB Realty Co.
Net sales to third parties	\$ 70,575,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	27,906,956	-	-	-	-	-	-	-	-
Net sales to filing entities	270,961	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	4,545,350	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(6,472,001)	4,125,717	721,468	19,173	845,233	-	2,602,915	-	-
	96,826,860	4,125,717	721,468	19,173	845,233	-	2,602,915	-	-
Cost of goods sold to third parties	47,036,547	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	19,720,857	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	250,045	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	502,859,959	-	6,016	-	-	7,380	-	-	-
Research and development expenses	2,844,993	-	-	-	-	-	-	-	-
Depreciation and amortization	4,588,228	-	2,317	-	-	-	-	-	-
Interest expense	57,712,537	-	-	-	-	-	-	369	-
Other (income) expense	(1,811,851)	-	-	-	-	-	-	-	-
	633,201,313	-	8,333	-	-	7,380	-	369	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(536,374,453)	4,125,717	713,135	19,173	845,233	(7,380)	2,602,915	(369)	-
Chapter 11 reorganization expenses, net	(2,556,947)	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	60,543,772	(1,444,001)	(249,638)	(6,710)	(295,831)	430	(911,020)	29	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ (478,387,627)	\$ 2,681,716	\$ 463,497	\$ 12,463	\$ 549,402	\$ (6,950)	\$ 1,691,895	\$ (340)	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W.R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended November 30, 2004

	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewite Land Corporation	Alewite Boston, Ltd.	Five Alewife Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedia Inc.	MRA Staffing Systems, Inc.	Kootenai Development Company
Net sales to third parties	\$ -	\$ 485,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	1,484,969	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(1,842,504)	-	-	-	-	-	-	-	-	-
	(357,535)	485,606	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	294,728	6,892	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	38,602	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	91,516	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	7,942	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	(75,157)	(216,842)	-	-	-	-	-	-	-	-
	(75,157)	215,946	6,892	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(282,377)	269,660	(6,892)	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	(3,911,210)	(718,543)	2,413	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ (4,193,588)	\$ (448,883)	\$ (4,479)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended November 30, 2004

	C3 Biomec, Inc.	Amcon, Inc.	Grace Environmental Inc.	Grace Chemical Company of Butte	Southern Oil, Resin & Fiberglass, Inc.	Guánica- Carbide Land Development Corporation	Dowey & Almy LLC	A-1 Bit & Tool Co., Inc.	Grace Tarpon Investors, Inc.	G/C Limited Partners, L.P.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended November 30, 2004

	Monolith Enterprises, Incorporated	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H. G. Inc.	Hancock Square Corporation	Ecory, Inc.	W.R. Grace Land Corporation	G.C. Management Inc.	Water Street Corporation
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W.R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended November 30, 2004

	Dr. Taco Restaurants Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.	Creative Ford N. Fun Company	Grace P&H Corporation	Grace A & B Inc.	H. W. W. International Inc.	GPC Thomasville Corp.	Grace Ventures Corp.	Grace Energy Corporation
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures including state registration fees, business license fees and certain taxes of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended November 30, 2004

	GEC Management Corporation	Grace O'Leary Company	Coatbridge, Inc.	Grace A-B II Inc.	Grace H G II Inc.	Coakley II Inc.	Grace G II Inc.	Gracoal Inc.	Grace Drilling Company	Grace Petroleum Incorporated
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities - net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities - net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities Combining Statement of Operations MOR - 2 Month Ended November 30, 2004						
	Axial B Iron Ranch Company	Hyden Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,061,201
Net sales to non-filing entities	-	-	-	-	-	27,906,956
Net sales to filing entities	-	-	-	(270,961)	-	-
Interest and royalties from non-filing entities - net	-	-	-	-	-	6,030,320
Interest and royalties from filing entities - net	-	-	-	-	-	-
	-	-	-	(270,961)	-	104,998,476
Cost of goods sold to third parties	-	-	-	-	-	47,338,166
Cost of goods sold to non-filing entities	-	-	-	-	-	19,720,857
Cost of goods sold to filing entities	-	-	-	(288,646)	-	-
Selling, general and administrative expenses	-	-	-	-	-	502,964,872
Research and development expenses	-	-	-	-	-	2,844,993
Depreciation and amortization	-	-	-	-	-	4,598,487
Interest expense	-	-	-	-	-	57,712,906
Other (income) expense	-	-	-	-	-	(2,103,850)
	-	-	-	(288,646)	-	633,076,430
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	17,685	-	(528,077,954)
Chapter 11 reorganization expenses, net	-	-	-	-	-	(2,556,947)
(Provision for) benefit from income taxes	-	-	-	-	-	53,009,691
Minority interest in income of subsidiary	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	2,163,435	2,163,435
Net income (loss)	\$ -	\$ -	\$ -	\$ 17,685	\$ 2,163,435	\$ (475,461,775)

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
November 30, 2004

	W.R. Grace & Co. - Conn	W.R. Grace & Co.	Hemlock Group Inc.	CCHP, Inc.	CC Partners	Grace Washington Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 281,718,041	\$ -	\$ (34,484)	\$ -	\$ -	\$ -
Accounts and other receivables, net	111,448,303	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	314,940,891	(415,786,563)	(12,606,627)	12,885,005	(37,765,964)	(9,859,115)
Inventories	75,396,598	-	-	-	-	-
Deferred income taxes	19,661,893	-	10,540,580	-	-	-
Other current assets	22,647,934	-	-	-	-	-
Total Current Assets	825,813,661	(415,786,563)	(2,110,531)	12,885,005	(37,765,964)	(9,859,115)
Properties and equipment, net	353,662,159	-	432,154	-	-	-
Goodwill	14,499,090	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	95,200,646	-	-	-	-	-
Deferred income taxes	892,782,727	-	29,268,534	-	-	-
Asbestos-related insurance receivable	500,000,000	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,375,093,141)	894,799,607	131,567,945	5,032,422	217,660,913	-
Investment in filing and non-filing entities	822,797,939	241,512,111	-	-	-	-
Other assets	78,842,802	-	-	-	-	-
Total Assets	\$ 2,208,505,883	\$ 720,525,155	\$ 159,158,101	\$ 17,917,426	\$ 179,894,948	\$ (9,859,115)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	41,689,352	-	12,355	-	-	-
Income taxes payable	268	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	160,260,126	-	294,193	-	-	4,825
Total Current Liabilities	201,949,746	-	306,548	-	-	4,825
Debt payable after one year	(0)	-	-	-	-	-
Deferred income taxes	222,691,453	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	259,689,187	188,091	-	-	0	-
Total Liabilities Not Subject to Compromise	684,330,386	188,091	306,548	-	0	4,825
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	616,395,429	-	-	-	-	-
Accounts payable	30,579,808	-	665,607	-	-	-
Income taxes payable	130,579,683	32,741,654	(1,068,622)	145,862	6,801,027	(12,753)
Asbestos-related liability	1,700,000,000	-	-	-	-	-
Other liabilities	506,256,050	-	113,367,855	-	32,067,440	-
Total Liabilities Subject to Compromise	2,983,810,970	32,741,654	112,964,840	145,862	38,868,467	(12,753)
Total Liabilities	3,668,141,356	32,929,745	113,271,388	145,862	38,868,467	(7,928)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	83,968,960	777,198	12,223	1,000	-	1,000
Paid in capital	142,809,878	423,142,165	9,724,449	34,052,467	56,011,577	-
(Accumulated deficit)/Retained earnings	(1,326,385,474)	390,299,201	36,150,041	(16,281,902)	85,014,904	(9,852,187)
Treasury stock, at cost	-	(126,623,254)	-	-	-	-
Accumulated other comprehensive loss	(360,028,836)	100	-	-	-	-
Total Shareholders' Equity (Deficit)	(1,459,635,473)	687,595,410	45,866,713	17,771,565	141,026,481	(9,851,187)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 2,208,505,883	\$ 720,525,155	\$ 159,158,101	\$ 17,917,426	\$ 179,894,948	\$ (9,859,115)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	Litigation Management, Inc.	Grace Europe, Inc.	W.B. Realty, Inc.	Grace International Holdings, Inc.	Grace Puerto Rico Inc.	Alewite Land Corporation
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 4,319,234	\$ -
Accounts and other receivables, net	-	94,592	-	-	2,271,530	-
Receivables from/(payables to) filing and non-filing entities, net	(386,938,460)	5,741,937	140,524,854	(74,116,002)	(1,324,427)	(4,294,763)
Inventories	-	(0)	-	-	289,116	-
Deferred income taxes	-	92,006	-	-	(5,688)	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(386,938,460)	5,928,534	140,524,854	(74,116,002)	5,549,765	(4,294,763)
Properties and equipment, net	-	-	-	-	650,892	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	494,970,561	(3,282,753)	-	95,063,980	-	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Other assets	-	54,000	-	-	13,525,544	-
Total Assets	\$ 108,032,102	\$ 2,699,781	\$ 140,524,854	\$ 79,617,443	\$ 19,726,200	\$ (4,294,763)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	25,429	-	23,688	907,772	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	355,905	-	-	108,969	-
Total Current Liabilities	-	381,334	-	23,688	1,016,741	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	0	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	27,132,683	-	-
Total Liabilities Not Subject to Compromise	-	381,334	-	27,156,371	1,016,741	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	133,907	-
Income taxes payable	20,953,103	(986,420)	(150)	(3,034,186)	2,405,294	(96,794)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	262,873	-	-	-	-
Total Liabilities Subject to Compromise	20,953,103	(723,547)	(150)	(3,034,186)	2,539,201	(96,794)
Total Liabilities	20,953,103	(342,212)	(150)	24,122,185	3,555,943	(96,794)
Shareholders' Equity (Deficit)						
Preferred Stock	112	-	-	-	-	-
Common Stock	1,000	1,000	-	1,000	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	61,845,489	13,074,177	274,606
(Accumulated deficit)/Retained earnings	116,345,296	(486,221)	115,160,011	(50,628,966)	3,095,080	(4,472,774)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	3,527,215	-	44,277,735	-	-
Total Shareholders' Equity (Deficit)	87,078,999	3,041,994	140,525,004	55,495,257	16,170,257	(4,197,969)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 108,032,102	\$ 2,699,781	\$ 140,524,854	\$ 79,617,443	\$ 19,726,200	\$ (4,294,763)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	Alewile Boston Ltd.	Five Alewile Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermediate Inc.	MRA Stalling Systems, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(2,143,580)	-	(57,817,172)	(110)	(330)	(16,653)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(2,143,580)	-	(57,817,172)	(110)	(330)	(16,653)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Other assets	-	-	-	-	-	-
Total Assets	\$ (2,143,580)	\$ -	\$ (23,763,706)	\$ 54,499,890	\$ 54,499,670	\$ 55,994,924
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(210)	-	-	(110)	(330)	(4,062)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(210)	-	-	(110)	(330)	(4,062)
Total Liabilities	(210)	-	-	(110)	(330)	(4,062)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	931,540	1	130	130
Paid in capital	-	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	(2,143,370)	-	(34,103,706)	-	-	1,498,986
Treasury stock at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	(2,143,370)	-	(23,763,706)	54,500,000	54,500,000	55,998,986
Total Liabilities and Shareholders' Equity (Deficit)	\$ (2,143,580)	\$ -	\$ (23,763,706)	\$ 54,499,890	\$ 54,499,670	\$ 55,994,924

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
November 30, 2004

	Kootenai Development Company	CB Biomedical Inc	Amicon Inc	Grace Environmental Inc	Grace Chemical Company of Cuba	Southern Oil Refining & Fiberglass Inc
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 17,363	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(10,483)	(26,614,022)	57,347,191	(7,283,826)	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	6,437	-	-	-	-	-
Total Current Assets	13,317	(26,614,022)	57,347,191	(7,283,826)	-	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	1,630,940	-	-	-	-	-
Total Assets	\$ 1,644,257	\$ (26,614,022)	\$ 57,347,191	\$ (7,283,826)	\$ -	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	551,649	5,000	-	-	-	-
Total Current Liabilities	551,649	5,000	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	551,649	5,000	-	-	-	-
Liabilities Subject to Compromise						
Debt pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(4,254)	(195)	10,346,794	(230)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(4,254)	(195)	10,346,794	(230)	-	-
Total Liabilities	547,395	4,805	10,346,794	(230)	-	-
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	5,150	-	-
Paid in capital	1,104,954	859,233	3,671,658	5,144,850	-	-
(Accumulated deficit)/Retained earnings	(8,092)	(27,478,060)	43,427,950	(12,433,596)	-	-
Treasury stock at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(99,212)	-	-	-
Total Shareholders' Equity (Deficit)	1,096,862	(26,618,827)	47,000,396	(7,283,596)	-	-
Total Liabilities and Shareholders' Equity (Deficit)	\$ 1,644,257	\$ (26,614,022)	\$ 57,347,191	\$ (7,283,826)	\$ -	\$ -

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W.R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	Guamka Canbe Land Development Corporation	Dewey & Almy, I.C.	A-1 Pitt & Ford Co. Inc.	Grace Larson Investors, Inc.	G.C. Limited Partners I, Inc.	Monolith Enterprises, Incorporated
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 5,824,284	\$ (8,966)	\$ (1,119,103)	\$ 10,284,124	\$ 330	\$ (2,417,714)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
Total Current Liabilities	-	-	-	3	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	3	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(110)	-	(110)	(560)	(560)	(450)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(110)	-	(110)	(560)	(560)	(450)
Total Liabilities	(110)	-	(110)	(557)	(560)	(450)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(10,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	5,824,394	(8,966)	(1,118,993)	10,284,682	890	(2,417,264)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 5,824,284	\$ (8,966)	\$ (1,119,103)	\$ 10,284,124	\$ 330	\$ (2,417,714)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G, Inc.	Hanover Square Corporation	Ecure, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ (26,312,455)	\$ (5,132,933)	\$ (3,350,634)	\$ (2,509,849)	\$ 840	\$ (1,230,613)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	(818)	(110)	(210)	(110)	(30)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	-	(818)	(110)	(210)	(110)	(30)
Total Liabilities	-	(818)	(110)	(210)	(110)	(30)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	1,000	1,000	1,000	50
Paid in capital	-	-	-	-	-	50
(Accumulated deficit)/Retained earnings	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(1,230,683)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	(26,312,455)	(5,132,115)	(3,350,524)	(2,509,639)	950	(1,230,583)
Total Liabilities and Shareholders' Equity (Deficit)	\$ (26,312,455)	\$ (5,132,933)	\$ (3,350,634)	\$ (2,509,849)	\$ 840	\$ (1,230,613)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	W. R. Grace Land Corporation	G. C. Management Inc.	Water Street Corporation	De' Taco Restaurants, Inc.	W. R. Grace Capital Corporation	Gloucester New Communities Company, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	36,708,324	-	(73,061)	(12,559,518)	(264,688)	(19,457,226)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	36,708,324	-	(73,061)	(12,559,518)	(264,688)	(19,456,726)
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Other assets	-	-	-	-	-	4,066
Total Assets	\$ 42,993,130	\$ -	\$ (73,061)	\$ (12,559,518)	\$ 173,757	\$ (19,452,659)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	4,066
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	199	14,667
Total Current Liabilities	-	-	-	-	199	18,733
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	(7,650)
Total Liabilities Not Subject to Compromise	-	-	-	-	199	11,083
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(812)	-	(110)	(265)	(759)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(812)	-	(110)	(265)	(759)	-
Total Liabilities	(812)	-	(110)	(265)	(560)	11,083
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-	-	6,541,055	4,000	6,000,000
(Accumulated deficit)/Retained earnings	23,411,782	-	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	42,993,942	-	(72,951)	(12,559,253)	174,317	(19,463,742)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 42,993,130	\$ -	\$ (73,061)	\$ (12,559,518)	\$ 173,757	\$ (19,452,659)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
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	Creative Food N Food Company	Grace PAR Corporation	Grace A B Inc	Homco International, Inc	GPC Thomasville Corp	Grace Ventures Corp
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	23,478,912	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	23,478,912	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 23,478,912	\$ 6,345,361	\$ 810,265	\$ (59,581,637)	\$ (185)	\$ (86,721)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(1,237)	(300)	(335)	(405)	(185)	(110)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(1,237)	(300)	(335)	(405)	(185)	(110)
Total Liabilities	(1,237)	(300)	(335)	(405)	(185)	(110)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,090,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,986,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	23,480,148	6,345,661	810,600	(59,581,232)	-	(86,611)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 23,478,912	\$ 6,345,361	\$ 810,265	\$ (59,581,637)	\$ (185)	\$ (86,721)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
November 30, 2004

	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc	Grace I-G II Inc
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables - net	-	-	-	-	-	-
Receivables from/payables to) filing and non-filing entities, net	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	352,712,699	4,389,612	(15,750,664)	5,296,839	875,359	(5,314)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance - net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 504,081,786	\$ (9,746,113)	\$ (15,750,664)	\$ 5,296,839	\$ 875,359	\$ (5,314)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt - pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(119)	(110)	-	(360)	(310)	(260)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(119)	(110)	-	(360)	(310)	(260)
Total Liabilities	(119)	(110)	-	(360)	(310)	(260)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,657,976)	(49,850,704)	5,297,099	874,669	(6,054)
Treasury stock - at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	504,081,905	(9,746,003)	(15,750,664)	5,297,199	875,669	(5,054)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 504,081,786	\$ (9,746,113)	\$ (15,750,664)	\$ 5,296,839	\$ 875,359	\$ (5,314)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	Com Grace II, Inc.	Gracoval II, Inc.	Gracoval, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Rumin Company
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	108,080	130,215,533	145,239,206	(81,115,113)	47,407,796	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 108,080	\$ 130,215,533	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	27,277,846	27,277,846	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	27,277,846	27,277,846	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(360)	1,749,615	1,749,790	(480)	(110)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(360)	1,749,615	1,749,790	(480)	(110)	-
Total Liabilities	(360)	29,027,461	29,027,636	(480)	(110)	-
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	70,893,322	102,331,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	108,440	101,188,072	116,211,570	(81,114,633)	47,407,906	-
Total Liabilities and Shareholders' Equity (Deficit)	\$ 108,080	\$ 130,215,533	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****November 30, 2004**

	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclasses
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	6,100,000
Inventories	-	-	-	-	-
Deferred income taxes	-	-	-	-	(25,278,920)
Other current assets	-	-	-	-	-
Total Current Assets	-	-	-	-	(19,178,920)
Properties and equipment, net	-	-	-	-	-
Goodwill	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-
Deferred income taxes	-	-	-	-	(277,247,145)
Asbestos-related insurance receivable	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-
Investment in filing and non-filing entities	-	-	(1,326,102,717)	254,490,977	(4,100,000)
Other assets	-	-	(1,101,282)	-	-
Total Assets	\$ -	\$ -	\$ (1,327,203,999)	\$ 254,490,977	\$ (300,526,065)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Liabilities Not Subject to Compromise					
Current Liabilities					
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	5,000,000
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	-	-	(35,978,920)
Total Current Liabilities	-	-	-	-	(30,978,920)
Debt payable after one year	-	-	-	-	-
Deferred income taxes	-	-	-	-	(277,247,145)
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-
Other liabilities	-	-	(100,000)	-	-
Total Liabilities Not Subject to Compromise	-	-	(100,000)	-	(308,226,065)
Liabilities Subject to Compromise					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities Subject to Compromise	-	-	-	-	-
Total Liabilities	-	-	(100,000)	-	(308,226,065)
Shareholders' Equity (Deficit)					
Preferred Stock	-	-	-	-	-
Common Stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,209,470,000)	-	-
(Accumulated deficit)/Retained earnings	-	-	(30,140,039)	257,035,319	2,000,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(1,000,000)	(2,544,343)	5,700,000
Total Shareholders' Equity (Deficit)	-	-	(1,327,103,999)	254,490,977	7,700,000
Total Liabilities and Shareholders' Equity (Deficit)	\$ -	\$ -	\$ (1,327,203,999)	\$ 254,490,977	\$ (300,526,065)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Comm as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
November 30, 2004

	COMBINED FILING ENTITIES
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 285,970,654
Accounts and other receivables, net	113,814,424
Receivables from/(payables to) filing and non-filing entities, net	39,588,930
Inventories	75,685,714
Deferred income taxes	5,049,871
Other current assets	22,654,371
Total Current Assets	542,763,965
Properties and equipment, net	355,183,649
Goodwill	14,499,090
Cash value of company owned life insurance, net of policy loans	95,200,646
Deferred income taxes	644,804,115
Asbestos-related insurance receivable	500,000,000
Loans receivable from/(payable to) filing and non-filing entities, net	410,680,685
Investment in filing and non-filing entities	439,983,855
Other assets	92,956,070
Total Assets	\$ 3,096,072,076
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	
Liabilities Not Subject to Compromise	
Current Liabilities	
Debt payable within one year	\$ 0
Accounts payable	42,662,664
Income taxes payable	5,000,268
Asbestos-related liability expected to be disbursed within one year	-
Other current liabilities	125,616,614
Total Current Liabilities	173,279,546
Debt payable after one year	(0)
Deferred income taxes	-
Asbestos-related liability expected to be disbursed after one year	-
Other liabilities	286,902,312
Total Liabilities Not Subject to Compromise	460,181,857
Liabilities Subject to Compromise	
Debt, pre-petition plus accrued interest	616,395,429
Accounts payable	31,379,322
Income taxes payable	202,254,812
Asbestos related liability	1,700,000,000
Other liabilities	651,954,218
Total Liabilities Subject to Compromise	3,201,983,782
Total Liabilities	3,662,165,639
Shareholders' Equity (Deficit)	
Preferred Stock	112
Common Stock	779,874
Paid in capital	439,910,159
(Accumulated deficit)/Retained earnings	(569,993,114)
Treasury stock, at cost	(126,623,254)
Accumulated other comprehensive loss	(310,167,341)
Total Shareholders' Equity (Deficit)	(566,093,563)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 3,096,072,076

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

Chart 5

W. R. Grace & Co. - Conn Status of Postpetition Taxes MOR-4 November 30, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ 12,423	\$ 2,091,461	\$ (2,091,461)	\$ 12,423
FICA - Employee	4,746	970,576	(970,333)	4,989
FICA and payroll- Employer	725,364	970,522	(935,036)	760,850
Unemployment	-	2,017	(2,017)	-
Other	-	3,084	(3,084)	-
Total Federal Taxes	\$ 742,533	\$ 4,037,660	\$ (4,001,931)	\$ 778,262
State and Local				
Withholding	\$ -	\$ 730,296	\$ (730,296)	\$ -
Sales & Use	470,751	349,587	(363,981)	456,357
Property Taxes	3,419,625	282,972	(925,614)	2,776,983
Other	-	-	-	-
Total State and Local	\$ 3,890,376	\$ 1,362,855	\$ (2,019,891)	\$ 3,233,340
Total Taxes	\$ 4,632,909	\$ 5,400,515	\$ (6,021,822)	\$ 4,011,602

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Remedium Group, Inc. Status of Postpetition Taxes MOR-4 November 30, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ 14,859	\$ (14,859)	\$ -
FICA - Employee	-	1,424	(1,424)	-
FICA and payroll- Employer	-	1,424	(1,424)	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ 17,707	\$ (17,707)	\$ -
State and Local				
Withholding	\$ -	\$ 633	\$ (633)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ 633	\$ (633)	\$ -
Total Taxes	\$ -	\$ 18,340	\$ (18,340)	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Grace Washington, Inc. Status of Postpetition Taxes MOR-4 November 30, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ 4,466	\$ (4,466)	\$ -
FICA - Employee	-	239	(239)	-
FICA and payroll- Employer	-	239	(239)	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ 4,944	\$ (4,944)	\$ -
State and Local				
Withholding	\$ -	\$ 916	\$ (916)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ 916	\$ (916)	\$ -
Total Taxes	\$ -	\$ 5,860	\$ (5,860)	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

L B Realty, Inc. Status of Postpetition Taxes MOR-4 November 30, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	-	-	-
FICA and payroll- Employer	-	-	-	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ -	\$ -	\$ -
State and Local				
Withholding	\$ -	\$ -	\$ -	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ -	\$ -	\$ -
Total Taxes	\$ -	\$ -	\$ -	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Darex Puerto Rico, Inc. Status of Postpetition Taxes MOR-4 November 30, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	(1,577)	607	(680)	(1,650)
FICA and payroll- Employer	4,052	607	(286)	4,373
Unemployment	-	118	(118)	-
Other	-	-	-	-
Total Federal Taxes	\$ 2,475	\$ 1,332	\$ (1,084)	\$ 2,723
State and Local				
Withholding	\$ 1,291	\$ 1,036	\$ (963)	\$ 1,364
Sales & Use	-	-	-	-
Property Taxes	328,346	4,064	-	332,410
Other	-	-	-	-
Total State and Local	\$ 329,637	\$ 5,100	\$ (963)	\$ 333,774
Total Taxes	\$ 332,112	\$ 6,432	\$ (2,047)	\$ 336,497

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn
Accounts Receivable Reconciliation and Aging
MOR-5
November 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ 117,358,344
Amounts billed during the period	70,575,595
Amounts collected during the period	(88,029,705)
Other	6,806,082
Trade accounts receivable at the end of month, gross	\$ 106,710,316

Trade Accounts Receivable Aging

Current	\$ 78,026,477
1-30 days past due	21,032,388
31-60 days past due	5,554,688
+61 days past due	2,096,763
Trade accounts receivable, gross	106,710,316
Allowance for doubtful accounts	(1,051,719)
Trade accounts receivable, net	\$ 105,658,597

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ 105,658,597
Customer notes and drafts receivable	547,161
Pending customer credit notes	(55,951)
Advances and deposits	4,393,156
Nontrade receivables, net	905,340
Total notes and accounts receivable, net	\$ 111,448,303

Chart 6

Remedium Group, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
November 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

Trade Accounts Receivable Aging

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ -

Chart 6

Darex Puerto Rico, Inc. Accounts Receivable Reconciliation and Aging MOR-5 November 2004	
Trade Accounts Receivable Reconciliation	
Trade accounts receivable, beginning of month, gross	\$ 2,372,974
Amounts billed during the period	485,606
Amounts collected during the period	(570,172)
Other	(27,497)
Trade accounts receivable at the end of month, gross	\$ 2,260,911
Trade Accounts Receivable Aging	
Current	\$ 1,548,988
1-30 days past due	478,607
31-60 days past due	220,645
+61 days past due	12,671
Trade accounts receivable, gross	2,260,911
Allowance for doubtful accounts	16,251
Trade accounts receivable, net	\$ 2,277,162
Notes and Accounts Receivable Reconciliation	
Trade accounts receivable, net	\$ 2,277,162
Customer notes and drafts receivable	-
Pending customer credit notes	(5,632)
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ 2,271,530

Chart 6

Grace Europe, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
November 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

Trade Accounts Receivable Aging

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	94,592
Total notes and accounts receivable, net	\$ 94,592

Chart 7

W.R. Grace & Co., et al Debtor Questionnaire MOR - 5 November 2004		
	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below	X	
4. Are workers compensation, general liability and other necessary insurance coverages in affect? If no, provide and explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation	X (unless disputed in normal course of business)	

Note #5

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

List assets sold/transferred outside the normal course of business over \$25,000:		
Description of Asset	Sale Date	Proceeds

Combined Chapter 11 Filing Entity Statements

Chart 8

W. R. Grace & Co. - Chapter 11 Filing Entities				
Combined Statement of Operations				
In millions	Month Ended November 30,		Eleven Months Ended November 30,	
	2004	2003	2004	2003
Net sales to third parties	\$ 71.0	\$ 62.5	\$ 805.5	\$ 768.7
Net sales to non-filing entities	28.0	20.4	261.0	177.6
Interest and royalties from non-filing entities	6.1	2.9	46.3	42.6
	105.1	85.8	1,112.8	988.9
Cost of goods sold to third parties	47.3	41.7	511.3	513.7
Cost of goods sold to non-filing entities	19.7	17.2	208.2	138.5
Selling, general and administrative expenses	22.7	19.3	236.6	204.0
Depreciation and amortization	4.6	4.8	51.6	55.8
Research and development expenses	2.9	2.6	31.7	34.7
Net pension expense	3.6	3.9	44.0	43.6
Interest expense	57.8	1.5	71.3	15.0
Other (income) expense	(2.1)	0.3	(46.5)	(9.1)
Provision for asbestos-related litigation, net of estimated insurance recovery	476.6	-	476.6	-
Provision for environmental remediation	-	-	20.0	52.5
	633.1	91.3	1,604.8	1,048.7
(Loss) income before Chapter 11 expenses, income taxes and equity in net income of non-filing entities	(528.0)	(5.5)	(492.0)	(59.8)
Chapter 11 expenses, net	(2.6)	(0.6)	(17.4)	(13.9)
Benefit from (provision for) income taxes	53.0	1.9	28.9	6.9
(Loss) income before equity in net income of non-filing entities	(477.6)	(4.2)	(480.5)	(66.8)
Equity in net income of non-filing entities	2.2	4.4	94.5	74.9
Net (loss) income	\$ (475.4)	\$ 0.2	\$ (386.0)	\$ 8.1

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co. - Chapter 11 Filing Entities
Combined Functional Basis Statement of Cash Flows

<i>In millions</i>	Month Ended November 30, 2004	Eleven Months Ended November 30, 2004
<u>Core operations cash flow</u>		
Pre-tax income from core operations	\$ 7.8	\$ 41.3
Depreciation and amortization	4.6	51.6
	12.4	92.9
Payments to fund defined benefit pension arrangements	(0.3)	(23.8)
Change in Non-Filing entity operating loans and Investment	(11.1)	60.1
Changes in all core assets/liabilities and other	43.9	75.3
Net increase in accounts receivable from Non-Filing entities due to transfer price adjustments	-	(31.6)
Core Pre-tax Operating Cash Flow	44.9	172.9
Capital expenditures	(3.5)	(31.9)
Core Pre-tax Operating Free Cash Flow	41.4	141.0
<u>Charges against core reserves</u>		
Restructuring costs	-	(0.1)
Pension liabilities	-	-
Deferred compensation	-	(0.7)
Self insurance	-	(0.1)
Total Spending Against Core Reserves	-	(0.9)
Net Core Cash Flow	41.4	140.1
<u>Noncore cash flow</u>		
Proceeds from asset sales	-	1.7
Benefit proceeds under life insurance policies	1.3	14.7
Cash received from litigation settlement	-	62.5
Other noncore pretax cash flow	(0.1)	(4.0)
Noncore Pre-tax Cash Flow	1.2	74.9
<u>Charges against noncore reserves</u>		
<u>Asbestos</u>		
Asbestos claims processing	(0.8)	(7.0)
Less - insurance recovery	1.0	7.6
Net asbestos payments	0.2	0.6
Environmental remediation	(0.6)	(7.9)
Retained obligations and other	0.3	(1.0)
Postretirement benefits	(1.1)	(11.3)
Total Spending Against Noncore Reserves	(1.2)	(19.6)
Noncore Cash Flow	-	55.3
Total Pre-tax/Pre-interest/Pre-Chapter 11 Cash Flow	41.4	195.4
Cash paid for taxes, net of refunds	-	(2.1)
Cash paid for interest, net	(0.2)	(1.5)
Chapter 11 expenses paid	(1.0)	(10.6)
Cash Flow before Strategic Investments	40.2	181.2
<u>Strategic Investments</u>		
Cash paid for businesses acquired	-	-
Proceeds from exercise of stock options	2.6	3.8
Cash used for Strategic Investments	2.6	3.8
Cash Flow after Strategic Investments	42.8	185.0
Borrowings under the debtor-in-possession facility, net of fees	(0.2)	(2.0)
Net (investing)/financing activities under life insurance policies	(0.2)	(17.5)
Net Cash Flow	\$ 42.4	\$ 165.5

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

W. R. Grace & Co. - Chapter 11 Filing Entities
Combined Balance Sheet

<i>In millions</i>	November 30, 2004	December 31, 2003	April 2, 2001
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 286.0	\$ 120.5	\$ 8.6
Trade accounts receivable, less allowance of \$1.0 (2003 - \$0.9, Filing Date - \$0.7)	108.4	99.6	32.3
Receivables from non-filing entities, net	39.6	46.2	51.2
Inventories	75.7	81.2	80.6
Deferred income taxes	5.0	26.0	80.9
Asbestos-related insurance expected to be realized within one year	-	-	17.0
Other current assets	28.1	27.9	33.4
Total Current Assets	542.8	401.4	304.0
Properties and equipment, net	355.2	383.9	400.4
Goodwill	14.5	14.5	13.6
Cash value of life insurance policies, net of policy loans	95.2	90.8	64.1
Deferred income taxes	644.8	587.9	401.0
Asbestos-related insurance expected to be realized after one year	500.0	269.4	323.4
Loans receivable from non-filing entities, net	410.7	448.0	387.5
Investment in non-filing entities	440.0	303.6	121.0
Other assets	93.0	78.2	308.5
Total Assets	\$ 3,096.2	\$ 2,577.7	\$ 2,323.5
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Liabilities Not Subject to Compromise			
Current Liabilities			
Debt payable within one year	\$ -	\$ -	\$ -
Accounts payable	42.6	38.3	-
Income taxes payable	5.0	5.0	-
Other current liabilities	125.7	54.7	-
Total Current Liabilities	173.3	98.0	-
Debt payable after one year	-	-	-
Other liabilities	287.0	191.2	31.8
Total Liabilities Not Subject to Compromise	460.3	289.2	31.8
Liabilities Subject to Compromise			
Debt, pre-petition plus accrued interest	616.4	565.2	511.5
Accounts payable	31.4	31.9	43.0
Income taxes payable	202.3	217.9	210.1
Asbestos-related liability	1,700.0	992.3	1,002.8
Other liabilities	651.9	645.0	598.6
Total Liabilities Subject to Compromise	3,202.0	2,452.3	2,366.0
Total Liabilities	3,662.3	2,741.5	2,397.8
Shareholders' Equity (Deficit)			
Common stock	0.8	0.8	0.8
Paid in capital	439.9	432.1	432.6
Accumulated deficit	(570.0)	(170.9)	(201.8)
Treasury stock, at cost	(126.6)	(135.9)	(136.4)
Accumulated other comprehensive loss	(310.2)	(289.9)	(169.5)
Total Shareholders' Equity (Deficit)	(566.1)	(163.8)	(74.3)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 3,096.2	\$ 2,577.7	\$ 2,323.5

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co.
Notes to Combined Financial Statements
November 30, 2004

1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies

W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis through two business segments: "Davison Chemicals," which includes two product groups - refining technologies and specialty materials; and "Performance Chemicals," which includes three product groups - specialty construction chemicals, building materials and sealants and coatings.

W. R. Grace & Co. conducts substantially all of its business through a direct, wholly owned subsidiary, W. R. Grace & Co.-Conn. ("Grace-Conn."). Grace-Conn. owns substantially all of the assets, properties and rights of W. R. Grace & Co. on a consolidated basis, either directly or through subsidiaries.

As used in these notes, the term "Company" refers to W. R. Grace & Co. The term "Grace" refers to the Company and/or one or more of its subsidiaries and, in certain cases, their respective predecessors.

VOLUNTARY BANKRUPTCY FILING

In response to a sharply increasing number of asbestos-related bodily injury claims, on April 2, 2001 (the "Filing Date"), W. R. Grace & Co. and 61 of its United States subsidiaries and affiliates, including Grace-Conn. (collectively, the "Debtors"), filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States Bankruptcy Code ("Chapter 11" or the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in bodily injury claims, higher than expected costs to resolve bodily injury and certain property damage claims, and class action lawsuits

alleging damages from a former attic insulation product. After a thorough review of these developments, the Board of Directors of Grace concluded on April 2, 2001 that a federal court-supervised Chapter 11 process provided the best forum available to achieve fairness in the claims resolution process. Under Chapter 11, the Debtors have continued to operate their businesses as debtors-in-possession under court protection from their creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims against them. Since the Filing, all motions necessary to conduct normal business activities have been approved by the Bankruptcy Court.

Plan of Reorganization - On November 13, 2004, the Debtors filed a Plan of Reorganization, as well as several associated documents, including a Disclosure Statement (the "Plan"), with the U.S. Bankruptcy Court in Delaware in connection with its Chapter 11 reorganization proceeding. The Plan describes the way Grace proposes to satisfy its asbestos and other Chapter 11-related claims.

The Plan will become effective only after a vote of eligible creditors and with the approval of the Bankruptcy Court. Grace has been granted a hearing on the Disclosure Statement for January 21, 2005. Votes on the Plan may not be solicited until the Bankruptcy Court approves the Disclosure Statement.

Under the terms of the Plan, Grace would satisfy claims under the Chapter 11 cases as follows:

Asbestos-Related Claims and Costs

A trust would be established under Section 524(g) of the Bankruptcy Code through which all pending and future asbestos-related claims would be channeled for resolution. The trust would utilize specified trust distribution procedures to satisfy the following asbestos-related claims and costs:

1. *Personal injury claims that meet specified exposure and medical criteria (Personal Injury-Symptomatic Eligible or "PI-SE" Claims).* - PI-SE claimants would have to prove that their health is impaired from exposure to Grace's asbestos-containing products.

2. *Personal injury claims that do not meet the exposure and medical criteria necessary to qualify as PI-SE Claims (Personal Injury-Asymptomatic and Other or "PI-AO" Claims).* - This class would contain all other asbestos-related personal injury claims against Grace.
3. *Property damage claims, including claims related to Grace's former Zonolite attic insulation ("ZAI") product ("PD Claims").* - These claimants would have to prove Grace liability for loss of property value or remediation costs related to Grace's asbestos-containing products.
4. *Trust administration costs and legal expenses.*

Grace has requested that the Bankruptcy Court conduct an estimation hearing to determine the amounts that would need to be paid into the trust on the effective date of the Plan to satisfy the estimated liability for each class of asbestos claimants and trust administration costs and expenses over time. The amounts to fund PI-SE Claims, PD Claims and trust administration would be capped at the amount determined through the estimation hearing. Amounts required to fund PI-AO Claims would not be capped.

Asbestos personal injury claimants would have the option to litigate their claims against the trust or, if they meet specified eligibility criteria, accept a settlement amount based on the severity of their disease. Asbestos property damage claimants would be required to litigate their claims through the trust. The Plan provides that, as a condition precedent to confirmation, the maximum aggregate payment for all asbestos-related liabilities (PI-SE, PI-AO and PD including ZAI) and trust administrative costs and expenses cannot exceed \$1,613 million, which Grace believes would fund over \$2 billion in claims, costs and expenses over time.

The PI-SE Claims, the PD Claims and the related trust administration costs and expenses would be funded with (1) \$512.5 million in cash (plus interest accrued at 5.5% from December 21, 2002) and nine million shares of common stock of Sealed Air Corporation pursuant to the terms of the settlement agreement resolving asbestos-related and fraudulent transfer claims against Sealed Air, provided the

Bankruptcy Court approves the settlement agreement on terms acceptable to Grace, and (2) Grace common stock. The amount of Grace common stock required to satisfy these claims will vary depending on the liability measures approved by the Bankruptcy Court and the value of the Sealed Air settlement, which varies daily with the accrual of interest and the trading value of Sealed Air stock.

The PI-AO Claims would be funded with warrants exercisable for such number of shares of Grace common stock that, when added to the shares issued directly to the trust on the effective date, would represent 50.1% of the voting securities of Grace. If the common stock issuable upon exercise of the warrants is insufficient to pay all PI-AO Claims, then Grace would be obligated to pay any additional liabilities in cash.

Other Creditors

The Plan provides that all allowed claims other than those covered under the asbestos trust would be paid totally in cash (if such claims qualify as administrative or priority) or 85% in cash and 15% in Grace common stock (if such claims qualify as general unsecured). Grace estimates that approximately \$1,208 million of claims, including currently accrued interest, would be satisfied in this manner at the effective date of the Plan, including bank debt, environmental liabilities, non-qualified pension claims, trade payables, litigation, and tax liabilities. Grace would finance these payments with \$150 million of cash on hand, \$115 million from Fresenius Medical Care Holdings, Inc. paid in settlement of asbestos and other Grace-related claims, \$800 million in new debt and \$143 million in value of Grace common stock. Grace would satisfy other non-asbestos related liabilities, estimated to be approximately \$508 million, (primarily environmental, tax, pension and retirement medical obligations,) as they become due and payable over time. Proceeds from available product liability insurance would supplement operating cash flow to service new debt and liabilities not paid on the effective date of the Plan.

Effect on Grace Common Stock

The Plan provides that Grace common stock will remain outstanding, but that the interests of existing shareholders would be subject to dilution for additional shares of common stock issued under the

Plan. In addition, in order to preserve significant tax benefits from net operating loss carryforwards (“NOLs”), which are subject to elimination or limitation in the event of a change in control (as defined by the Internal Revenue Code), the Plan places restrictions on the purchases of Grace common stock. The restrictions would prohibit, for a period of three years, a person or entity from acquiring more than 4.75% of the outstanding common stock or, for those persons already holding more than 4.75%, prohibit them from increasing their holdings.

Grace also has filed a motion with the Bankruptcy Court that would impose the trading restrictions described above from the date of approval of the motion to the effective date of the Plan. The Bankruptcy Court has issued an interim order imposing such restrictions pending a hearing on the motion scheduled for January 24, 2005.

Grace intends to address all pending and future asbestos-related claims and all other pre-petition claims as outlined in the Plan. However, Grace may not be successful in convincing the Bankruptcy Court and other interested parties to approve its Plan as proposed. In fact, a materially different plan of reorganization may ultimately be approved and under the ultimate plan of reorganization, the interests of the Company’s shareholders could be substantially diluted or cancelled. The value of Grace common stock following a plan of reorganization, and the extent of any recovery by non-asbestos-related creditors, will depend principally on the ultimate value assigned to Grace’s asbestos-related claims.

As provided by the Bankruptcy Code, the Debtors had the exclusive right to propose a plan of reorganization for a 120-day period following the Filing Date. The Debtors have received extensions of their exclusivity period through November 24, 2004, and extensions of the Debtors’ exclusive right to solicit acceptances of a plan of reorganization through January 24, 2005. The Debtors have filed a motion with the Bankruptcy Court to further extend the exclusivity period through May 24, 2005 and the exclusive right to solicit acceptances of a plan of reorganization through July 24, 2005.

Official Parties to Grace’s Chapter 11 Proceedings – Three creditors’ committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing shareholders have been appointed in the Chapter 11 Cases. These committees, and a legal representative of future asbestos claimants, have the right to be heard on all matters that come before the Bankruptcy Court and are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain costs and expenses of the committees and of the future asbestos claimants’ representative, including those of their counsel and financial advisors.

The Debtors’ Chapter 11 cases had been assigned to Judge Alfred M. Wolin, a senior U.S. District Court Judge who sat in Newark, New Jersey. Judge Wolin was presiding over asbestos bodily injury matters and the fraudulent conveyance litigation described below. He assigned the Debtors’ other bankruptcy matters to Judge Judith Fitzgerald, a U.S. bankruptcy judge from the Western District of Pennsylvania, sitting in Wilmington, Delaware. On May 17, 2004, a federal appeals court recused Judge Wolin and on May 27, 2004, Judge Ronald L. Buckwalter, a U.S. District Court Judge from the Eastern District of Pennsylvania, was assigned to the Chapter 11 Cases.

Claims Filings – The Bankruptcy Court established a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos-related property damage claims and medical monitoring claims related to asbestos. The bar date did not apply to asbestos-related bodily injury claims or claims related to Zonolite attic insulation, which will be dealt with separately.

Approximately 14,900 proofs of claim were filed by the bar date. Of these claims, approximately 9,400 were non-asbestos related, approximately 4,300 were for asbestos-related property damage, and approximately 1,000 were for medical monitoring. In addition, approximately 500 proofs of claim were filed after the bar date.

Approximately 7,000 of the non-asbestos related claims involve claims by employees or former employees for future retirement benefits such as pension and retiree medical coverage. Grace views most of these claims as contingent and has proposed

a plan of reorganization that would retain such benefits. The other non-asbestos related claims include claims for payment of goods and services; taxes; product warranties; principal plus interest under pre-petition credit facilities; amounts due under leases; executory contracts rejected in the Bankruptcy Court; environmental remediation; indemnification or contribution from actual or potential co-defendants in asbestos-related and other litigation; pending non-asbestos-related litigation; and non-asbestos-related personal injury.

The Debtors' analysis indicates that many claims are duplicates, represent the same claim filed against more than one of the Debtors, lack any supporting documentation, or provide insufficient supporting documentation. As of November 30, 2004, the Debtors had filed with the Bankruptcy Court objections to approximately 1,400 claims, most objections of which were non-substantive (duplicates, no supporting documentation, late filed claims, etc.). Of such claims, 1,025 have been expunged, 31 have been withdrawn, and the remainder are being addressed through dispute resolution procedures approved by the Bankruptcy Court. The Debtors expect to file objections to a substantial number of additional claims and revise their Filing Date liabilities each quarter to reflect their analysis and evaluation of the claims.

The medical monitoring claims were made by individuals who allege exposure to asbestos through Grace's products or operations. These claims, if sustained, would require Grace to fund ongoing health monitoring costs for qualified claimants. However, based on the number and expected cost of such claims, Grace does not believe such claims will have a material effect on its Consolidated Financial Statements.

Grace believes that its recorded liabilities for claims subject to the bar date represent a reasonable estimate of the ultimate allowable amount for claims that are not in dispute or have been submitted with sufficient information to both evaluate merit and estimate the value of the claim. The asbestos-related claims are considered as part of Grace's overall asbestos reserve and are subject to the conditions precedent under the Plan. As claims are resolved, or where better information becomes available and is evaluated, Grace will make adjustments to the

liabilities recorded on its financial statements as appropriate. Any such adjustments could be material to its consolidated financial position and results of operations.

Litigation Proceedings in Bankruptcy Court – In July 2002, the Bankruptcy Court approved special counsel to represent, at the Debtors' expense, the ZAI claimants in a proceeding to determine certain threshold scientific issues regarding ZAI. On October 18, 2004, the Bankruptcy Court heard oral arguments from the Debtors and the counsel representing the ZAI claimants. The Court indicated that it may require additional proceedings before a decision is issued.

Under the Plan, Grace is proposing an estimation and litigation protocol to measure its asbestos-related liability and to determine the amount of assets required to be contributed at the effective date of the Plan to fund such liability over time. The outcome of this approach may take considerable time, may require protracted litigation and may result in a measurement of allowed asbestos-related claims that differs materially from the \$1,613 million that is set forth in the Plan as the maximum amount of such claims, as determined by the Bankruptcy Court, that would satisfy a condition precedent to confirmation of the Plan.

In September 2000, Grace was named in a purported class action lawsuit filed in California Superior Court for the County of San Francisco, alleging that the 1996 reorganization involving a predecessor of Grace and Fresenius Medical Care Holdings, Inc. ("Fresenius") and the 1998 reorganization involving a predecessor of Grace and Sealed Air Corporation ("Sealed Air") were fraudulent transfers. The Bankruptcy Court authorized the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to proceed with claims against Fresenius and Sealed Air on behalf of the Debtors' estates.

On November 29, 2002, Sealed Air and Fresenius each announced that they had reached agreements in principle with such Committees to settle asbestos and fraudulent conveyance claims related to such transactions. Under the terms of the Fresenius settlement, as subsequently revised, Fresenius would contribute \$115.0 million to the Debtors' estate as

directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization, subject to the fulfillment of specified conditions. In July 2003, the Fresenius settlement was approved by the Bankruptcy Court. Under the terms of the proposed Sealed Air settlement, Sealed Air would make a payment of \$512.5 million (plus interest at 5.5% compounded annually, commencing on December 21, 2002) and nine million shares of Sealed Air common stock (valued at \$462.7 million as of November 30, 2004), as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. The Sealed Air settlement has not been agreed to by the Debtors and remains subject to the approval of the Bankruptcy Court and the fulfillment of specified conditions.

Impact on Debt Capital – All of the Debtors' pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheet reflects the classification of the Debtors' pre-petition debt within "liabilities subject to compromise."

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N.A. (the "DIP facility") in the aggregate amount of \$250 million. The term of the DIP facility expires on April 1, 2006.

Accounting Impact – The accompanying Consolidated Financial Statements have been prepared in accordance with Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," promulgated by the American Institute of Certified Public Accountants. SOP 90-7 requires that financial statements of debtors-in-possession be prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Filing, the realization of certain of Debtors' assets and the liquidation of certain of Debtors' liabilities are subject to significant uncertainty. While operating as debtors-in-possession, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the Consolidated Financial Statements. Further, the ultimate plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements.

Pursuant to SOP 90-7, Grace's pre-petition liabilities that are subject to compromise are required to be reported separately on the balance sheet at an estimate of the amount that will ultimately be allowed by the Bankruptcy Court. As of November 30, 2004, such pre-petition liabilities include fixed obligations (such as debt and contractual commitments), as well as estimates of costs related to contingent liabilities (such as asbestos-related litigation, environmental remediation, and other claims). Obligations of Grace subsidiaries not covered by the Filing continue to be classified on the Consolidated Balance Sheets based upon maturity dates or the expected dates of payment. SOP 90-7 also requires separate reporting of certain expenses, realized gains and losses, and provisions for losses related to the Filing as reorganization items.

Grace's Consolidated Financial Statements for the one-month and eleven-month periods ended as of November 30, 2004 reflect adjustments to conform to the Plan filed with the Bankruptcy Court in November 2004 as follows:

- *An accrual and charge of \$714.8 million to increase Grace's recorded asbestos-related liability to that which is reflected as the maximum amount allowed under the conditions precedent to the Plan* - Under the Plan, Grace is requesting that the Bankruptcy Court determine the aggregate dollar amount, on a net present value basis, that must be funded (the "Funding Amount") into an asbestos trust (established under Section 524(g) of the Bankruptcy Code) to pay all allowed pending and future asbestos-related bodily injury and property damage claims and related trust administration costs and expenses on the effective date of the Plan. It is a condition to confirmation that the Bankruptcy Court shall conclude that the Funding Amount is not greater than \$1,613 million. This amount, which should be sufficient to fund over \$2 billion in pending and future claims, is based on Grace's evaluation of existing bodily injury and property damage claims, actuarially-based estimates of future bodily injury claims, and proposed claim payments that reflect past experience and current trends in asbestos litigation. This amount may not be consistent with what the Bankruptcy Court may conclude would be a sufficient Funding Amount. Grace

has filed an estimation motion with the Bankruptcy Court to implement a process for determining the Funding Amount, which will be primarily a function of the number of allowed claims and the amount payable per claim. Using this process, Grace will seek to demonstrate, through the use of detailed claim forms and expert testimony, that the vast majority of claims should not be allowed because they fail to establish any material property damage, health impairment or significant occupational exposure to asbestos from Grace's operations or products. Grace also will seek Bankruptcy Court approval of Grace's proposed payouts for allowed bodily injury claims, which will vary depending upon the type of claim and/or a claimant's disease category. If the Bankruptcy Court grants the estimation motion and agrees with Grace's position on the number of, and the amounts to be paid in respect of, allowed bodily injury and property damage claims, then Grace believes that the Funding Amount could be less than \$1,613 million. However, this outcome is highly uncertain and will depend on a number of Bankruptcy Court rulings. Conversely, the asbestos creditors committees have objected to the estimation process and will continue to assert that Grace's asbestos-related liabilities are substantially higher than \$1,613 million, and are in excess of Grace's business value. If the Court accepts the position of the asbestos committees, then any plan of reorganization likely would result in the loss of all or substantially all equity value by current shareholders. Therefore, due to the significant uncertainties of this process and asbestos litigation generally, Grace is not able to estimate a probable Funding Amount that would be accepted by the Bankruptcy Court. However, as Grace is willing to proceed with confirmation of a Plan with a Funding Amount of up to \$1,613 million (assuming that other conditions precedent to confirmation of the Plan are satisfied, including the availability of funds from Sealed Air under the settlement agreement described above), Grace is accruing and taking a charge of \$714.8 million to increase its recorded asbestos-related liability to reflect the \$1,613 million maximum amount allowed as a condition precedent under the Plan plus \$87.0 million for pre-Chapter 11 contractual settlements and judgments and continuing administration.

Accordingly, the total asbestos-related reserve as of November 30, 2004 is \$1,700 million. Any differences between the Plan as filed and as approved for confirmation could fundamentally change the accounting measurement of Grace's asbestos-related liability and that change could be material.

- *An asset and credit of \$238.2 million to increase Grace's estimate of insurance proceeds to which it would be entitled to an aggregate of \$500.0 million* - Under Grace's available insurance coverage, the payment of asbestos-related claims and costs will entitle Grace to partial insurance recovery based on the level of asbestos-related liability noted above. The amounts will vary with the type of expenditure and the relevant time period of the covered loss. Grace estimates that, at an ultimate payout of asbestos-related claims of \$1,700 million, it should be entitled to approximately \$500.0 million, on a net present value basis, of insurance recovery. Such recovery however would occur only as claims are paid by the asbestos trust, absent an alternative payment arrangement with Grace's insurers.
- *An accrual and charge of \$56.1 million to increase Grace's estimate of interest to which general unsecured creditors would be entitled under the Plan* - The Plan states that each holder of an allowed general unsecured claim shall be entitled to post-petition interest if, but for the Filing, the claim would be entitled to accrue or be paid interest in a non-default (or non-overdue payment) situation under applicable non-bankruptcy law. For accounting purposes, Grace is using the following interest rates for the respective estimates of allowed claims: Bank debt – Alternative Base Rate (prime rate) floating, compounded quarterly; all other eligible claims – Federal judgment rate (floating) compounded annually or, if applicable, a contractual rate or court imposed rate.
- *An asset and credit of \$56.5 million for net income tax benefits related to the items described above* - The net pre-tax effect of the above items on Grace's 2004 Consolidated Statement of Operations was a \$532.8 million charge to reflect the net liability aspects of the

Plan. The deferred tax benefit on this net liability is \$186.5 million at a statutory rate of 35%. Of this amount, \$130.0 million exceeds Grace's analysis of the tax assets that can be realized under reasonable scenarios of future taxable income (exclusive of the tax effects under the litigation settlements with Sealed Air and Fresenius). Accordingly, a valuation allowance of \$130.0 million has been recorded against the total of Grace's deferred tax assets.

No accounting has been made for the assets available to fund Grace's asbestos-related and other liabilities under the litigation settlements with Sealed Air Corporation and Fresenius Medical Care, as such agreements are subject to conditions which, although expected to be met, have not been satisfied and approved by the Bankruptcy Court. The value available under these litigation settlement agreements, as measured at November 30, 2004, was \$1,146.4 million comprised of \$115.0 million in cash from Fresenius and \$1,031.4 million in cash and stock from Sealed Air.

Basis of Presentation

The interim Combined Financial Statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy Court. Consequently, these financial statements do not purport to present the financial performance of W. R. Grace & Co. in conformity with generally accepted accounting principles which would require the consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W. R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in W. R. Grace & Co.'s 2003 Form 10-K/A and when filed, its 2004 Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These interim Combined Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented under generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed. Certain amounts in prior years' Combined Financial Statements have been reclassified to conform to the 2004 presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires that management make estimates and assumptions affecting the assets and liabilities reported at the date of the Consolidated Financial Statements, and the revenues and expenses reported for the periods presented. Actual amounts could differ from those estimates. Changes in estimates are recorded in the period identified. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities such as asbestos-related matters, environmental remediation, income taxes, and retained obligations of divested businesses.
- Pension and post-retirement liabilities that depend on assumptions regarding discount rates and/or total returns on invested funds.
- Depreciation and amortization periods for long-lived assets, including property and equipment, intangible, and other assets.
- Realization values of various assets such as net deferred tax assets, trade receivables, inventories, insurance receivables, income taxes, and goodwill.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under the Chapter 11 Cases.

2. Chapter 11 Related Financial Information

As a result of the Filing, Grace's Consolidated Balance Sheets separately identify the liabilities that are "subject to compromise" as a result of the Chapter 11 proceedings. In Grace's case, "liabilities subject to compromise" represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the Chapter 11 Cases and management's assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court. Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the accrual of interest on pre-petition debt and pre-petition liabilities as discussed in Note 1; 3) accruals for employee-related programs; and 4) changes in estimates related to pre-petition contingent liabilities.

Set forth below is a reconciliation of the changes in pre-filing date liability balances for the period from the Filing Date through November 30, 2004.

(In millions)	Current Month	Cumulative Since Filing
Balance, beginning of period	\$ 2,434.1	\$ 2,366.0
Cash disbursements and/or reclassifications under Bankruptcy Court orders		
Freight and distribution order ..	--	(5.7)
Trade accounts payable order	--	(9.1)
Other court orders including employee wages and benefits, sales and use tax and customer programs	(4.5)	(227.2)
Expense/(income) items:		
Interest on pre-petition debt	42.4	99.0
Interest on pre-petition liabilities	14.9	14.9
Employee-related accruals	0.3	13.7
Change in estimate of asbestos-related contingencies	714.8	744.8
Change in estimate of environmental contingencies ..	--	239.0
Change in estimate of income tax contingencies	--	(7.7)
Balance sheet reclassifications	--	(25.7)
Balance, end of period	\$ 3,202.0	\$ 3,202.0

Pre-Filing Date obligations allowable under current court orders and expected to be paid prior to an adopted plan of reorganization are classified as "liabilities not subject to compromise." Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the allowance of contingent or disputed claims.

3. Other Balance Sheet Accounts

(In millions)	November 30, 2004	Filing Date
Inventories		
Raw materials	\$ 19.1	\$ 20.3
In process	20.9	16.2
Finished products	59.5	63.8
General merchandise	11.8	9.6
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis	(35.6)	(29.3)
	\$ 75.7	\$ 80.6
Other Assets		
Deferred pension costs	\$ 2.7	\$ 227.9
Deferred charges	35.3	40.4
Long-term receivables	8.3	1.9
Long-term investments ..	--	2.1
Patents, licenses and other intangible assets	26.0	25.2
Pension - unamortized prior service cost	20.7	8.1
Other assets	--	2.9
	\$ 93.0	\$ 308.5
Other Current Liabilities		
Accrued compensation ..	\$ 59.5	\$ --
Accrued commissions	6.0	--
Customer programs	17.7	--
Accrued utilities	0.1	--
Accrued freight	3.3	--
Accrued reorganization fees	13.7	--
Other accrued liabilities	25.4	--
	\$ 125.7	\$ --
Other Liabilities		
Deferred royalty income - non-filing entities	--	31.8
Pension - underfunded plans	249.2	--
Other accrued liabilities ..	37.8	--
	\$ 287.0	\$ 31.8
Other Liabilities Subject to Compromise		
Other postretirement benefits ...	\$ 120.4	\$ 185.4
Environmental remediation	344.6	164.8
Retained obligations of divested businesses	55.9	75.5
Special pension arrangements ...	71.2	70.8
Deferred compensation ..	4.6	8.2
Self insurance reserve	20.6	11.8
Accrued interest on pre-petition liabilities	14.9	--
Other accrued liabilities	19.7	82.1
	\$ 651.9	\$ 598.6

4. Life Insurance

Grace is the beneficiary of life insurance policies on certain current and former employees with a net cash surrender value of \$95.2 million at November 30, 2004. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years. The following table summarizes the net cash value at November 30, 2004 and Filing Date:

Components of Net Cash Value (In millions)	November 30, 2004	Filing Date
Gross cash value	\$ 481.2	\$ 453.7
Principal – policy loans..	(368.2)	(390.3)
Accrued interest – policy loans ..	(17.8)	0.7
Net cash value	\$ 95.2	\$ 64.1
Insurance benefits in force ..	\$ 2,189.1	\$ 2,286.0

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

Grace has reached an agreement with the Internal Revenue Service (the "IRS") to settle tax contingencies with respect to certain of these life insurance policies and, as part of that agreement, to terminate such policies in early 2005. If termination had occurred as of November 30, 2004, Grace would have received approximately \$18 million in net cash value (gross cash value would have been reduced by approximately \$380 million and policy loans of approximately \$362 million would have been satisfied). In addition, Grace's insurance benefits in force would have been reduced by approximately \$2 billion to approximately \$189 million.

5. Debt

On November 30, 2004, and Filing Date, Grace's debt was as follows:

Components of Debt (In millions)	November 30, 2004	Filing Date
Debt payable within one year		
DIP facility	\$ --	\$ --
Other short-term borrowings	--	--
	\$ --	\$ --
Debt payable after one year		
DIP facility	\$ --	\$ --
Other long-term borrowings	--	--
	\$ --	\$ --
Debt Subject to Compromise		
Bank borrowings	\$ 500.0	\$ 500.0
8.0% Notes Due 2004	--	5.7
7.75% Notes Due 2002	--	2.0
Other borrowings	15.1	1.2
Accrued interest	101.3	2.6
	\$ 616.4	\$ 511.5

In April 2001, the Debtors entered into the DIP facility for a two-year term in the aggregate amount of \$250 million. The DIP facility is secured by a priority lien on substantially all assets of the Debtors, and bears interest based on LIBOR. The Debtors' have extended the term of the DIP facility through April 1, 2006. Grace had no outstanding borrowings under the DIP facility as of November 30, 2004; however, \$28.0 million of standby letters of credit were issued and outstanding under the facility. The letters of credit, which reduce available funds under the facility, were issued mainly for trade-related matters such as performance bonds and certain insurance and environmental matters.

In November 2004, an adjustment to accrued interest of \$56.1 million was recorded to conform to the Plan of Reorganization filed with the Bankruptcy Court in November 2004; see Note 1 for further information.

The 7.75% Notes were repaid on June 11, 2001, and the 8.0% Notes were repaid on August 15, 2001, by the unaffiliated guarantor of the Notes. Grace's liability with respect to these notes is included in other liabilities subject to compromise as of November 30, 2004.

Bank Statements

TS

BI
W R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4098

Account No: 910-1-013572
Statement Start Date: 01 OCT 2004
Statement End Date: 29 OCT 2004
Statement Code: 000-USA-21
Statement No: 010

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TRANSACTIONS				BALANCES		ENCLOSURES	
Total Credits	2	200,000.00		Opening (01 OCT 2004)		Credits	0
Total Debits (incl checks)	20	203,219.29		Ledger	98,733.34	Debits	0
Total Checks Paid	0	0.00		Collected	98,733.34	Checks	0
					95,514.05		
					95,514.05		
Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit / Debit	Description	Closing Balances Date Amount
CREDITS							
12OCT		12OCT	USD	YOUR: CAP OF 04/10/12 OUR: 3097400286J0	100,000.00	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY CAMBRIDGE MA 02140- REF: CHASE MEDICAL ACCT FUNDING	LEDGER BALANCES 01OCT 89,627.48 04OCT 82,913.23 05OCT 74,152.56 06OCT 66,072.08 07OCT 52,554.09 08OCT 46,160.17 12OCT 138,211.76 13OCT 125,943.89 14OCT 116,411.21 15OCT 100,481.32 18OCT 92,138.29 19OCT 75,671.92 20OCT 67,914.70 21OCT 57,905.71 22OCT 42,390.43 25OCT 136,400.11 26OCT 126,022.15 27OCT 113,845.73 28OCT 103,245.21 29OCT 95,514.05
25OCT		25OCT	USD	YOUR: CAP OF 04/10/25 OUR: 2423300299J0	100,000.00	BOOK TRANSFER CREDIT B/O: W.R. GRACE AND COMPANY CAMBRIDGE MA 02140- REF: CHASE MEDICAL ACCT FUNDING	COLLECTED BALANCES 01OCT 89,627.48 04OCT 82,913.23 05OCT 74,152.56 06OCT 66,072.08 07OCT 52,554.09 08OCT 46,160.17
DEBITS							
01OCT 30SEP		30SEP	USD	OUR: 0427500093WA	9,105.86	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 09/30/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
04OCT 01OCT		01OCT	USD	OUR: 0427800092WA	6,714.25	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4098	
05OCT 04OCT		04OCT	USD	OUR: 0427900092WA	8,760.67	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/04/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE	
FT CODE:				USD - SAME DAY FUNDS USN - NEXT DAY FUNDS	US3 - THREE DAY FLOAT US4 - FOUR DAY FLOAT	US5 - FIVE DAY FLOAT USM - MIXED FLOAT	

PLEASE EXAMINE THIS STATEMENT OF ACCOUNT AT ONCE. THE MAINTENANCE OF THIS ACCOUNT IS SUBJECT TO THE PROVISIONS OF THE NEW YORK UNIFORM COMMERCIAL CODE AND THE BANK'S TERMS AND CONDITIONS FOR BUSINESS ACCOUNTS AND SERVICES. THE BANK DISCLAIMS RESPONSIBILITY FOR ANY ERROR IN OR IMPROPER CHARGE TO THE ACCOUNT AS RENDERED UNLESS INFORMED IN WRITING OF THIS ERROR OR CHARGE WITHIN SIXTY DAYS OF THE DELIVERY, MAILING OR AVAILABILITY OF THE STATEMENT AND CANCELED VOUCHERS. KINDLY REFER TO THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS STATEMENT IN ORDER TO DIRECT YOUR INQUIRIES TO THE PROPER DEPARTMENT FOR PROMPT ACTION.

TS

B1
W R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4098

Account No: 910-1-013572
Statement Start Date: 01 OCT 2004
Statement End Date: 29 OCT 2004
Statement Code: 000-USA-21
Statement No: 010

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Ledger Date	Adj Ledger Date	Value Date	F T	References	Credit / Debit	Description	Date	Closing Balances Amount
DEBITS CONTINUED								
06OCT 05OCT		05OCT	USD	OUR: 0428000091WA	8,080.48	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/05/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE	12OCT 13OCT 14OCT 15OCT 18OCT 19OCT 20OCT 21OCT	138,211.76 125,943.89 116,411.21 100,481.32 92,138.29 75,671.92 67,914.70 57,905.71
07OCT 06OCT		06OCT	USD	OUR: 0428100093WA	13,517.99	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/06/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE	21OCT 22OCT 23OCT 25OCT 26OCT 27OCT 28OCT 29OCT	42,390.43 136,400.11 126,022.15 113,845.73 103,245.21 95,514.05
08OCT 07OCT		07OCT	USD	OUR: 0428200093WA	6,393.92	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/07/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE		
12OCT 08OCT		08OCT	USD	OUR: 0428600090WA	7,948.41	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/08/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE		
13OCT 12OCT		12OCT	USD	OUR: 0428700091WA	12,267.87	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/12/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE		
14OCT 13OCT		13OCT	USD	OUR: 0428800091WA	9,532.68	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/13/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE		
15OCT 14OCT		14OCT	USD	OUR: 0428900092WA	15,929.89	COLUMBIA MD 21044-4098 GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416598 FOR WORK OF 10/14/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE		